Une décennie de stratégies de réduction de la pauvreté en Amérique latine : autonomiser les pauvres ou les régimenter?

Arne Ruckert

Résumé
Cet article évalue les impacts sociaux des trois stratégies de réduction de la pauvreté en Amérique latine, menées au Nicaragua, au Honduras et en Bolivie. Il démontre qu'en Amérique latine, les Documents de stratégie de réduction de la pauvreté (DSRP) n'ont obtenu jusqu'ici que de faibles gains sur la pauvreté, malgré l'accent mis par les trois DSRP sur des outils de politique sociale innovateurs, particulièrement sur les programmes de transferts de fonds conditionnels mis en place dans chacun des trois pays. L'article soutient que l'architecture des DSRP, par son alliance sélective de stratégies politiques coercitives (augmentation des conditionnalités et surveillance) et de stratégies consensuelles (meilleure inclusion), représente une tentative de consolidation de l'hégémonie des politiques néolibérales dans les pays en développement. De plus, les éléments macrostructuraux du néolibéralisme disciplinaire sont, selon l’approche DSRP, de plus en plus renforcés par divers outils de contrôle micro-politiques qui réglementent et encadrent le comportement des pauvres, surtout dans le cas des transferts de fonds conditionnels. La politique de développement néolibérale est ainsi devenue plus envahissante et plus interventionniste que jamais, alors que la prévalence des micro-conditionnalités qui réglementent le comportement des pauvres est devenue pratique courante en coopération pour le développement international.
A Decade of Poverty Reduction Strategies in Latin America: Empowering or Disciplining the Poor?

Arne Ruckert

Abstract
This article assesses the social impacts of three poverty reduction strategies in Latin America, drawing on the experiences of Nicaragua, Honduras, and Bolivia. It demonstrates that the Latin American Poverty Reduction Strategy Paper (PRSP) experience has thus far resulted in little gains in poverty reduction, despite strong emphasis in all three PRSPs on innovative social policy tools and programs, especially the conditional cash transfer programs (CCTs), in operation in each country. It argues that the PRSP architecture represents an attempt to deepen the hegemony of neoliberal policies in developing countries, by selectively combining coercive (increased conditionality and monitoring) with consensual (better inclusion) political strategies. What is more, the macro-structural elements of disciplinary neoliberalism are, under the PRSP approach, increasingly complemented by various micro-political policing tools for regulating and monitoring the behaviour of the poor, especially through CCTs. Hence, neoliberal development policy has become ever more intrusive and interventionist as the prevalence of micro-conditionality to regulate the behaviour of the poor has become a normal practice in international development cooperation.

Introduction
For almost a decade, Poverty Reduction Strategy Papers (PRSPs) have been the leading policy tool through which the international donor community has coordinated the disbursement of international aid. Introduced in 1999 at the G8 Summit in Cologne, PRSPs have quickly established themselves as the main policy framework in the international aid architecture. Initially greeted with great hope not only by the international donor community but also by large segments of civil society, recent evaluations of the PRSP process, even by the international
financial institutions (IFIs) themselves, have been more somber (e.g. IMF and World Bank, 2005; IMF, 2007). While a veritable academic literature on the PRSP approach has already materialized, its analytical focus has tended to be on the similarities and differences between previous generations of structural adjustment policies (SAPs) and poverty reduction strategies, both in terms of the policy content and the process of policy elaboration (e.g. Cammack, 2004; Cheru, 2006; Ruckert, 2006 and 2007; Mouelhi and Ruckert, 2007; Soederberg, 2005; Weber, 2004 and 2006; Fraser, 2005). The actual impacts of national PRSPs have thus far remained understudied, especially in the Latin American context (except for Dijkstra and Kommives, 2009), and the unintended consequences of policy reform unaddressed.

A decade into the PRSP experiment, this article analyzes the social impacts of PRSPs, selectively drawing on the experiences of three Latin American countries: Nicaragua, Honduras, and Bolivia. It demonstrates that the Latin American PRSP experience has thus far resulted in little gains in poverty reduction, despite strong emphasis in all three PRSPs on innovative social policy tools and programs, especially conditional cash transfer (CCT) programs. The article suggests that rather than empowering the poor and addressing their plight, PRSPs have actually intensified neoliberalization processes in the developing world, while adding novel disciplinary elements to the World Bank’s arsenal of ‘policy weapons’. However, unlike other contributors to this special issue (especially Cammack), I suggest that the means (i.e. policies) towards achieving the (same) neoliberal goals of commodification and liberalization have somewhat changed, as more emphasis has been placed on inclusion of the poor in recent World Bank programming (see Ruckert, 2006; Craig and Porter, 2005). In advancing this argument, the article theoretically builds on Stephen Gill's concept of disciplinary neoliberalism (1995), and suggests that in the PRSP process the macro-structural elements of disciplinary neoliberalism (highlighted in Gill’s original argument) are increasingly complemented by various micro-political disciplining tools and micro-level conditionalities for regulating and monitoring the behaviour of the poor. These novel disciplinary elements are embedded within CCTs which have become the privileged modality of resource transfers to the poor.
within the PRSP framework.

What is more, participation of the poor in the elaboration of PRSPs adds a process-related component to IFI conditionality, and epitomizes another pillar of disciplinary neoliberalism, the integration of the poor through their (generally shallow) participation into the policy- and decision-making processes. Yet, despite the hegemonic ambitions of the IFIs behind recent policy transformations, PRSP processes have nevertheless opened up and institutionalized some (participatory) space for counter-hegemonic actors to become involved in the official policy making process. While these spaces have remained extremely limited at the current conjuncture, the (re) politicization of various civil society actors in the PRSP process raises hope that counter-hegemonic actors and ideas might surface in a more challenging way in the near future.

The article begins by outlining the theoretical perspective at the heart of my interrogation of the PRSP approach, drawing on neo-Gramscian political economy, in general, and Gill’s concept of disciplinary neoliberalism (Gill, 1995 and 2000), in particular. Next, the article discusses how the PRSP initiative embodies a deepening of neoliberal conditionality at the macro-structural level, and reflects on how country ownership and participation have functioned as disciplining tools in all three Latin American countries under discussion. The article then provides a discussion of the attempt to reduce poverty through novel social policy tools, especially CCT programs promoted through Honduras and Nicaragua’s PRSP, and documents their failure to effectively address poverty concerns, while adding micro-level conditionalities to social programs. The article concludes by way of suggesting that a more sustained break with the (disciplinary) neoliberal approach to development is needed if significant poverty reduction goals are to be achieved in the near future. It finally notes that more (analytical) attention should be paid to the temporally variegated nature of neoliberal development policy and its local modifications and instantiations.

The World Bank and Disciplinary Neoliberalism

With the ascendance of neoliberalism in the early 1980s, transnational governance institutions (TGIs) have become key agents of policy formulation and promotion in the developing world. Neo-Gramscian theory suggests that a central element of
neoliberal globalization has been the intrusive role of powerful TGIs, such as the World Bank, the IMF, and the World Trade Organization (WTO), in the social and economic restructuring of the developing world, leading to the crystallization of a transnational institutionality that is deeply implicated in the governance of global capitalism (Cox with Schechter, 2002). The World Bank can be conceptualized as being part of this emergent transnational governance apparatus which has by some neo-Gramscians been discussed in terms of a transnational state (Robinson, 2004). It is certainly true that various functions that have historically been performed by the state have been absorbed by transnational governance institutions, such as in the economic sphere the setting of inflation rates, budget ceilings, and monetary targets, and more recently in the social sphere the delivery of social services through World Bank-funded CCTs. However, I prefer to think about the IFIs in terms of powerful governance institutions, as many key characteristics of the state, especially the national control of the monopoly of coercion, have not been undermined by recent transnationalization processes, and as the transnationalization of public authority is a rather contested and still open-ended process (Ruckert, 2008). What is more, transnational regulatory and governance agencies persist side by side with national bodies, and recent developments have generated overlapping authority structures beyond the nation state, characteristic of a heterarchical and multi-scalar system of transnational governance, encompassing states, TGIs, and local non-state actors at all levels of word order (Cox with Schechter, 2002).

TGIs are also the core institutional elements and expressions of what Stephen Gill has called disciplinary neoliberalism (Gill, 1995). Disciplinary neoliberalism refers to the heightened power of capital to discipline both the state and labour in liberalized and market-oriented economies. This is linked to the increasingly free flow of capital and the power associated with the “exit option” for capital (Bakker and Gill, 2006: 43), on the one hand, and the ability of transnational institutions to discipline political actors, by removing decisions from the purview of domestic deliberative processes and enshrining the rights of capital through “neoliberal constitutions”, on the other hand (Gill, 2000). The World Bank and the IMF stand at the core of the transnational institutional apparatus representing
disciplinary neoliberalism, by imposing through structural adjustment policies, and more recently PRSPs, many of the policy choices that further enhance the disciplinary power of capital, and hence deepen disciplinary neoliberalism, through, for example, the liberalization of financial markets, the promotion of independent Central Banks and balanced budgets, and the pursuance of sound macro-economic policies.\(^5\)

However, throughout the 1990s, it became increasingly difficult for the World Bank to secure compliance by developing country elites for on-going neoliberal restructuring through SAPs (Khan and Sharma, 2001), and counter-hegemonic forces in both the developed and the developing world started to more openly contest neoliberal policy through a series of widely publicized protests, some of which directly targeted the World Bank. In fact, as recently suggested by Heloise Weber (2006), the recent and on-going transformations in neoliberal development policy must first and foremost be related to the multiple challenges to the neoliberal world development order from various directions and by various counter-hegemonic forces, and the emergence of the PRSP paradigm must be understood in light of such contestations and social struggles.

**The PRSP Approach as a Deepening of Disciplinary Neoliberalism**

The challenges to the World Bank’s neoliberal approach led to a profound rethinking process that ultimately culminated in the articulation of the PRSP approach and the re-entry of concerns regarding poverty into development discourse and practice. This is evidenced by the articulation of a host of new initiatives in the late 1990s, such as the Comprehensive Development Framework (Wolfenson, 1999), which while promoting country ownership and civil society participation as key principles in all aid operations incidentally contain a range of new disciplinary policy elements. The following discussion will first focus on ownership and participation in the respective PRSPs of Bolivia, Honduras, and Nicaragua, and highlight the macro-level disciplining elements linked to each, before turning to CCTs in order to outline the emergence of micro-conditionalities and disciplining tools attached to CCTs, and document the failure of PRSPs to achieve their desired poverty reduction and most other related social goals.
Country Ownership and Traditional Macro-Level Conditionality

Bolivia, Honduras, and Nicaragua were all expected to elaborate a PRSP as they qualified for the Enhanced Heavily Indebted Poor Country (HIPC II) debt relief Initiative in 2000; and all three countries were quick to submit Interim PRSPs so that they could reach ‘decision point’ of the HIPC initiative.6 They also quickly developed full PRSPs, and their national PRSPs were all approved by the World Bank in the summer of 2001. In terms of the macroeconomic content, it has been widely documented that all three strategies deviate little from the well-known neoliberal policy advice of ‘sound macroeconomic management’ given to developing countries throughout the era of structural adjustment (Dijkstra, 2005; Gottschalk, 2005; Cuesta, 2007; Sumner, 2006; Ruckert, 2007). For example, all PRSPs outline ways to reduce government expenditure and modernize government operations in line with business practices and rationalities of the New Public Management (NPM) literature (see also Crawford and Abdulai in this volume). They all promote a development model that focuses on the private sector, and in particular exports by large (multinational) firms cooperating in economic clusters, as the engine of the national economy. And all PRSPs emphasize the need to get the private sector involved more widely in the delivery of social services and in the allocation of domestic resources.

What is more, this further neoliberalization of all three societies is not left to the capricious will of local public servants but is rather enforced through conditions attached to debt relief. In all three countries, access to HIPC debt relief was made conditional upon compliance with a set of requirements called debt relief ‘triggers’, directly undermining notions of country ownership. Key triggers in all three countries were reductions in government expenditure and prudent fiscal management, and in Nicaragua and Honduras also entailed a long list of expected utility privatizations. In Nicaragua, the government was expected to steeply reduce overall expenditure as a per cent of GDP from roughly 40 per cent in 2001 to 27 per cent by 2005. Moreover, the privatization of the water, electricity and telecommunications sectors represented key structural reforms that Nicaragua had to implement in order to be eligible for HIPC debt relief (IDA and IMF, 2000a: 17).

In Honduras, government expenditure was also a key area
of concern for the World Bank, especially salary increases for teachers in 2001, as they were deemed fiscally irresponsible. Honduras’ failure to comply with IFI demands to cut teacher salaries ultimately derailed the PRSP process in 2002, until a new Poverty Reduction and Growth Facility (PRGF) agreement was reached with the IMF in 2004 (Dijkstra, 2005). Other key debt relief triggers were the privatization of the telecommunications sector (HONDUTEL), electricity distribution (ENEE), and water and sewer management, and the issuance of concessions for port facilities and airports (IDA and IMF, 2000b: 10). Finally, in the case of Bolivia, the only conditions attached to debt relief were pursuance of stable macroeconomic policies and maintenance of an IMF agreement. However, Bolivia is a rare exception as it was granted debt relief immediately (in 2001) after it had just entered the HIPC initiative and without fulfilling the normal prerequisites of implementing a PRSP and providing two annual PRSP progress reports. Some have suggested that Bolivia was simply rushed through the process so the Bank would be able to tell a ‘success story’ of debt relief (Dijkstra, 2005).

At the same time, the Bank’s Poverty Reduction Support Credits (PRSCs) have also been littered with various process- and outcome-oriented policy conditions numbering in the hundreds. In Bolivia, the PRSC stipulates 115, in Nicaragua 141, and in Honduras 213 conditions to be observed. The policy matrix that forms part of the different loan documents outlines not only outcome or impact indicators, but also many specific government actions or policies, for the first, second, and third years of tranches (Dijkstra, 2005: 456). These include, to name but a few, the approval, in Nicaragua, of a financial administration law; in Honduras, the approval of novel regulations for departmental education directives; and in Bolivia, the implementation of an intercultural health policy at the national level (ibid).

Hence, conditions attached to debt relief have arguably become more extensive than ever, increasingly also intruding into the realm of social policy and adding process conditions linked to civil society participation in PRSP elaboration (see following sections). For example, one of the key conditions of HIPC debt relief is that governments demonstrate an increase in poverty reduction expenditure as a share of total government expenditure. This is meant to ensure that debt relief resources are predominantly invested in poverty reduction programs and, in
particular, conditional cash transfer programs (Dijkstra, 2008: 116). Through this extended conditionality, the IMF and the World Bank engage in micro-management of developing countries at an unprecedented scale, while, at the same time, claiming that conditionality has been streamlined with the introduction of debt relief and the PRSP approach (Cammack, 2004). All in all, it seems that the disciplinary grip of the World Bank has rather been strengthened through the implementation of national PRSPs. Despite the claim that conditionality would be ‘streamlined’ through the PRSP process, the IFIs have attached countless conditionalities to debt relief and other IFI funding that are directly related to highly contested policies, such as the privatization of public utilities.

What is more, the experiences of the three Latin American countries discussed above are by no means atypical or unique as comprehensive reviews of World Bank and IMF conditionality demonstrate that neoliberal conditionality has not receded in the PRSP period (as compared to the SAP era). In fact, recent reviews of IFI conditionality suggest that neoliberal conditions have actually proliferated in the PRSP period (Jubilee Debt Campaign, 2006), despite the laudable goal set by the IFIs to ‘streamline conditionality’. Even the Independent Evaluations Office (IEO) of the IMF recently had to acknowledge that conditions attached to IFI finance have not actually decreased noticeably since the PRSP approach has been introduced (IMF, 2007). Hence, there seems to be a wide gap between the IFI’s rhetoric of policy ownership and its intrusive operational activities on the ground where it continues to impose little modified conditionalities.

Finally, it is also important to point out that most of the 26 HIPC countries have had debt relief suspended because of failure to meet IMF economic targets or comply with structural conditionalities at some point or another (Jubilee Debt Campaign, 2006: 4). What is more, half of the eligible countries have not even reached completion point of the HIPC initiative, most commonly linked either to the lack of an IMF agreement and failure to fully comply with IMF conditionality, or the unwillingness to comply with all trigger conditions set at decision point. As Dijkstra notes, “the countries that are in the interim period between decision and completion point, usually have a problem with macro-economic management, with implementing
structural reforms or with developing a full PRSP with broad-based participation (2008: 107). This shows that the IFIs have made extensive use of their ability to discipline developing countries by threatening to suspend debt relief and withhold debt cancellation, largely on the backs of the poor that hope to benefit from increases in social spending.

This suggests that country ownership is not about returning control over the political process back to developing countries but, to use the IMF’s language, “will make it easier to generate domestic political support for the program, since it is likely to be seen, at least in part, as an indigenous product, rather than a foreign imposition” (IMF, 2001: 14). Thus, while ownership seemingly affords greater choice to developing countries, ownership aims to produce more compliant development partners which are disciplined through the internalization of external constraints and the colonization of development minds (Abrahamson, 2004).

**Disciplining the Poor through Participation**

While the idea of civil society participation is not entirely new to the IFIs’ discourse, it has moved centre-stage with the implementation of the PRSP approach. One of the declared aims of the PRSP process is to broaden the participation of civil society, and particularly the disempowered poor, in the design of national PRSPs. Participation of civil society in the elaboration of national PRSPs has itself become a condition for acceptance into the HIPC debt relief campaign. However, the term participation itself is highly ambiguous and naturally carries different meanings for different development stakeholders. In practice, the Bank predominantly advocates two avenues for participation in the context of the PRSP approach. On the one hand, it promotes the participation of the poor in participatory poverty diagnostics, which have gained prominence inside the Bank in the late 1990s due to their perceived rich results. On the other hand, members of civil society are expected to provide feedback on national poverty reduction strategies in a comprehensive consultation process, in which governments seek out opinions and comments from those most directly affected by PRSPs.

In all three countries discussed here, comprehensive participation processes have indeed been undertaken, after some initial pressure from the international donor community.
(especially in the case of Nicaragua). These PRSP participation processes built on earlier experiences with CSO participation which in Nicaragua and Honduras were an outcome of donor pressure to engage civil society organizations in the rebuilding process linked to Hurricane Mitch in 1999 and led to the constitution of a social space of interaction between the government and civil society actors, called CONPES (National Council on Economic and Social Planning) in Nicaragua and FONAC (National Convergence Forum) in Honduras. Similarly, in Bolivia participation exercises had already been part of the political process before the arrival of the PRSP, with the passing of the Law of Popular Participation and the National Dialogue of 1997 (Dijkstra, 2005).

Despite the many differences in the structure and breadth of participation processes in all three countries, participants in, and observers of, these processes have described similar outcomes and problems. First, the actual participation process was rather shallow and could at best be described as an information-sharing exercise. In all three countries, macroeconomic issues and the unequal access to productive resources (especially land reform) were not up for discussion and the consultation centered on social issues (Dijkstra and Komives, 2009: 7). At the same time, many issues that were raised by CSOs did not find their way into the official PRSP, for example the subsidization of credit to small farmers in Nicaragua and Honduras, or the redistribution of wealth through higher royalties in Bolivia (Ruckert, 2007; Mouelhi and Ruckert, 2007).

What is more, CSOs almost universally agree that participation has remained extremely shallow in all three countries. More than 100 Bolivian CSOs stated their dissatisfaction with the content of the final PRSP document as “the economic model was ‘a given’ and they [NGOs] were only permitted to tinker around the edges of a model with which they fundamentally disagreed and considered to be the cause of exacerbated poverty” (Christian Aid 2001, 9). Similarly in Honduras, the umbrella NGO Interforos noted that the PRSP “does not incorporate the suggestions from civil society” and that “considering the flaws of the governmental approach, Interforos is beginning the process to generate a PRSP from within civil society” (FOSDEH, 2001: 6). Even the IFIs, in their first comprehensive internal evaluation of the PRSP process,
conducted in 2005, concluded that “[t]here has been no significant movement toward opening up the debate on the macroeconomic framework and alternative policy tradeoffs to a broader group of participants” (IMF and World Bank, 2005: 64). Finally, the timing of the processes was flawed in all countries. In Nicaragua, the PRSP was actually submitted to the World Bank before the consultation process had come to an end, and the opinions of NGOs could be incorporated into the final document. In Honduras, the consultation process was also rushed as Honduras wanted to qualify for debt relief as quickly as possible (Dijkstra and Komives, 2009).

This is not to suggest, however, that participation had simply no impact at all but rather that individual PRSPs integrated those elements of CSO proposals that were already in line with the more inclusively oriented Post-Washington Consensus promoted by the IFIs universally through PRSPs (Ruckert, 2006). Examples for this are the attention given to governance issues in response to CSO suggestions in Nicaragua and the distribution of HIPC money to municipalities in response to CSO pressure in Bolivia. However, whenever policies deviated significantly from the Post-Washington Consensus, policy suggestions were largely disregarded. This is, as I have suggested elsewhere (Ruckert, 2007), no surprise as the main goal of participation clearly is not to undermine the neoliberal paradigm but rather to provide legitimacy to the (failed) adjustment policies the Bank continues to promote through PRSPs and hence stabilize it.

In fact, the World Bank openly acknowledges that participation can serve as a tool to reach a wide range of stakeholders and disseminate ‘technical knowledge’ in order to build a country-wide consensus around IFI-supported poverty reduction efforts (Klugman, 2002b: 245). Participation has, by a variety of development stakeholders, become to be seen as essential if social structures are to change and adjustment policies are to be implemented (e.g. OECD, 2000). Similarly, the World Bank argues in the Sourcebook that “[n]egotiation between stakeholders over priorities can lead to broader ownership and a more widely accepted consensus around development policies” (Klugman, 2002b: 241). As the non-consensual nature of neoliberal development policy has been a great concern for the IFIs recently, it comes as no surprise that participation has turned
into an area of particular interest to the IFIs (Craig and Porter, 2005).

Participation, moreover, promises to help promote a society-wide consensus through its more intrusive role in the reconfiguration of individual subjectivities. As Alistair Fraser has recently noted, the IFIs’ great hope is clearly not that participation is changing the IFIs but rather that participation is going to change the participants’ perceptions about the IFIs and their development policies (2005: 322). In fact, the Bank sees participatory mechanisms as a way to achieve transformations in perceptions of previously hostile actors, such as grassroots NGOs and the poor. In its Participation Sourcebook the Bank notes that participation offers opportunities for social learning, whereby “people within a local system learn the value and rationale of new social behaviours specified by an outside expert” (1996: 4). This equally applies to the area of knowledge where the Bank highlights the need to build capacity amongst local NGOs to be able to understand and appreciate the value of ‘sound macroeconomic management’ (Klugman, 2002b: 245). To be able to govern the mentalities of counter-hegemonic agents is understood to be a critical element in the task of rebuilding hegemony surrounding neoliberal interventions into the developing world. Participation could hence be seen as a new form of ‘governmental power’, power that governs through consent and the shaping and moulding of minds and bodies. Through participatory exercises, the World Bank reaches deep into the cultural fabric of developing country societies, with the ultimate goal of producing complicit neoliberal subjects (Fraser, 2005).

Nevertheless, it is also clear that civil society participation experienced a new level of institutionalization through the PRSP process, as the establishment of CONPES in Nicaragua and the further institutionalization of civil society consultations through the ‘Democracy Forum’ in Honduras illustrate. However, due to the shallow nature of participation exercises and the failure to incorporate, to at least some extent, the interests and ideas of counter-hegemonic social forces, civil society participation in the PRSP process has not produced the hoped for effect of engendering a broader consensus on neoliberal reform policies. This is best evidenced by the emergence of various parallel consultation processes, culminating in the
elaboration of alternative PRSPs in both Honduras and Nicaragua, and the on-going criticism of many civil society actors regarding various elements of the PRSP.

**Conditional Cash Transfers (CCTs) and the Micropolitics of Disciplinary Neoliberalism**

As widely noted, with the introduction of the PRSP approach, the World Bank has started to more seriously promote pro-poor public spending in developing countries (Driscoll and Evans, 2005). In particular, using resources freed up through various debt relief initiatives to build human capital is a cornerstone of the PRSP initiative, and CCTs have become the Bank’s preferred way to address the intergenerational transmission of poverty as they combine the immediate objective of relieving material hardship with the longer-term aim of breaking the intergenerational cycle of poverty through reorganized behaviours and human-capital formation (Peck and Theodore, Forthcoming). What is more, protection (and increases over time) of poverty-related spending and the expansion of social service coverage to the poor are themselves conditions attached to all three PRSPs, and as such is a precondition of further collaboration with the IFIs and all access to concessional finance (Dijkstra, 2005: 456). While such novel conditionalities and the associated social programs might help to ameliorate the situation of the poor (albeit in a severely limited and contradictory way), they must also be considered to be part of a hegemony building and disciplining exercise in which classic neoliberal ideas of commodification are married to conditional transfer payments and consumption subsidies. These transfers are only granted if the poor conform to ‘responsible individual behaviour’ that will help build their human capital.

The following discussion will first document the increase in overall social expenditure in all three countries that accompanied the emergence of the PRSP process. It will next draw on Nicaragua’s and Honduras’ efforts to reduce poverty through CCTs so as to further illustrate the novel micro-level intrusions into poor people’s lives linked to CCTs and the PRSP initiative, while documenting their failure to significantly improve the situation of the poor in the process. Even though it is difficult to directly isolate the effects of the PRSP process on poverty, this analysis shows that national PRSPs had no
significant impact on the poverty levels in either country, despite noticeable increases in overall social and pro-poor spending.

In all three countries, pro-poor spending and overall social expenditure has increased noticeably in the PRSP period (2000-2005) as compared to the SAP period of the late 1990s, both in real terms and relative to other sectors. For example, in Nicaragua per-capita spending on education has grown by roughly 50 per cent between 2000 and 2005, and health spending increased by almost 30 per cent during the same period. In Honduras, public social expenditure increased to 51 per cent of total public expenditure by 2005, ascending from a paltry 35 per cent where it stood through most of the 1990s; while in Bolivia, between 1994 and 2004 the share of GDP dedicated to pro-poor spending increased from 9.1 to 13.3 per cent (Dijkstra and Kommives, 2009: 15). In Honduras and Nicaragua, pro-poor spending patterns have also improved, as a larger share of government expenditure went into poverty reduction efforts. Yet, budget data provide reason to be concerned about the quality and effectiveness of additional social expenditure as it has been poorly targeted and the middle and upper classes have benefited disproportionately from it (Dijkstra and Komives, 2009). In Nicaragua, the category of poverty reduction expenditures that has a direct redistributive impact on the poor has decreased from 56.2 per cent in 2004 to 51.6 per cent in 2006, even as total spending has increased, which indicates new spending may be poorly targeted (Guimarães and Avendaño, 2007). In Honduras, the richest 40 per cent of households together still receive more than 30 per cent of PRSP expenditures (Dijkstra and Komives, 2009: 16). Hence, better targeting of social investments was identified by the Bank an important ingredient for a more successful poverty reduction strategy.

With the introduction of the PRSP process, both Nicaragua and Honduras started to experiment with better targeted social interventions to build human capital through CCTs. As noted earlier, CCTs currently represent the Bank’s favourite delivery mechanism of social services and are considered to be indispensable to poverty reduction efforts (World Bank, 2009a). Social investments through CCTs focus on the human capital formation of children and are designed to promote their productive capacities (Luccisano, 2006: 59). CCTs are popular with the World Bank as CCTs imply an active social policy that
does not envision social protection from the market, but rather understands the goal of social policy to lie in integrating the poor with increased capabilities into market structures (Jenson and Saint-Martin, 2003: 83), and hence is fully compatible with the Bank’s overall neoliberal vision.

Following this logic, Nicaragua’s Red de la Protección Social (PRS, Social Protection Net) offers social assistance in an attempt to improve the well-being of the extremely poor, while stimulating the accumulation of the ‘human capital’ of impoverished children. The RPS is geared towards families living in extreme poverty, and provides means-tested cash transfers to the mothers of each chosen household. The cash transfer consists of two main components: the Bono Alimentario, a ‘food security transfer’ paid out on a bimonthly basis to all participating households, worth US$ 224 per annum; and the Bono Escolar, the school attendance transfer, paid out on a bimonthly basis to those households with children aged 7-13 who have not yet completed fourth grade of primary school, worth US$ 112 per annum. The attendance school transfer also carries an additional teacher transfer (US$ 60 per annum), providing an incentive for teachers to monitor and report the absence of children from school, and a school supplies transfer (US$ 21 per annum), given at the beginning of the school year. Thus, the maximum support through the SPN amounts to US$ 362 per annum and per household (IFPRI, 2004: 8).

In Honduras, the conditional cash transfer program associated with the PRSP is known as the Programa de la Asignacion Familiar (PRAF, or Family Allowance Program). While the program was initially introduced to compensate poor households for the hardship imposed by structural adjustment policies in the early 1990s, with the arrival of the PRSP process, it has evolved into a new program focused on human capital development called PRAF II. Similar to the Nicaraguan program, PRAF II offers financial incentives for families to keep their children in school, and to assure regular health clinic visits. The financial incentives provided to individual families reach a maximum of $US 96 annually, and are dependent on compliance with a number of conditions outlined by the government, as discussed below.

Besides demand-side interventions to subsidize the consumption of health and educational services by poor children,
the program also focuses on the supply-side to improve the quality of education and health services and deliver services according to standards outlined by the Honduran government. Primary health care units (rural health posts) can receive an annual subsidy of up to US$ 15,000, depending on the number of poor children enrolled in a CCT served by the unit, with the average for each clinic being roughly US$ 5000 per annum (IPC, 2008: 9).

These money transfers to poor households are, however, not unconditional, and numerous strings (also referred to as co-responsibilities) are attached to the participation in both the RPS and the PRAF, arguably representing new micro-disciplining and responsibilizing tools at the disposal of the World Bank. To qualify for CCTs, participating households in both Nicaragua and Honduras have to commit to sending their children to school on a daily basis and to visiting health centers regularly so that children receive vaccinations, which could be interpreted as a direct attempt to improve the social indicators linked to the MDGs. Moreover, households must agree to participate in educational sessions on a wide range of issues, including nutrition, sexual behaviour, reproductive health, family hygiene, and child care, in exchange for monetary rewards (IFPRI, 2004). These interferences into people’s lives could be seen as new forms of disciplining and policing arrangements to make the poor behave in ‘desirable and responsible ways’, adding novel micropolitical disciplining tools to the nexus of power and control of disciplinary neoliberalism. Macro-structural elements of disciplinary neoliberalism are complemented by the (micropolitical) policing of the poor through CCTs in the realm of social reproduction.

What is more, the limited and fragmented nature of CCTs, in both countries reaching less than 5 per cent of the overall number of the extremely poor, mean that poverty reduction goals have remained largely elusive. In Nicaragua, results of the PRSP process have been largely disappointing. While some of the social goals identified in the PRSP (and linked to the MDGs) have been achieved, such as improvement in the net rate of primary school enrollment, a decrease in infant and maternal mortality, and better access to reproductive health services, the majority of social and poverty targets have not yet been realized (Government of Nicaragua, 2004: 47). For example,
access to clean drinking water and sanitation have not significantly improved, and the prevalence of malnourishment in children barely budged between 2001 and 2004, falling slightly to affect 16 instead of 17 per cent of the population (ibid.: 104). While there is currently no official poverty data available (for later than 2001) to comprehensively evaluate the impact of the PRSP, in its own assessment, the Nicaraguan government acknowledges that “with negative growth of the per capita GDP in 2002 and 2003, poverty conditions may have remained the same or increased (especially in the rural area)” (ibid.: 47). Similarly, many Nicaraguan NGOs have complained that poverty levels have not changed significantly since the beginning of the PRSP process. In fact, Dijkstra and Komives note that (unofficial) figures now indicate that between 2001 and 2005 poverty conditions worsened to the point where current poverty and extreme poverty levels are similar to those of 1998 (2009: 16).

In Honduras, the situation is not much different. Official reviews of the PRSP process have, one the one hand, emphasized the limited social gains, such as improved access to water and sanitation, higher levels of educational enrollment, and better telecommunications and electricity service coverage (Government of Honduras, 2005: 27). On the other hand, statistics published by SIERP (System of PRSP Indicators) show that the monetary poverty rate remained practically unchanged between 2001 and 2005, before dropping in 2006 and 2007 to just over 60 per cent. Some gains have been made in terms of reducing extreme poverty, with a decline from 48.4 per cent to 37 per cent in the same period. However, inequality has actually increased since the beginning of the PRSP process (Dijkstra and Komives, 2009: 16). This suggests that the development model of ‘conditional inclusion’ that is at the heart of the PRSP approach has thus far failed to live up to its expectations of contributing to rapid and sustained poverty reduction efforts in the developing world, and that a more sustained break with the neoliberal approach to development is needed to achieve the MDGs.

Conclusion
Recent years have seen debates surrounding poverty and social exclusion attain renewed attention in international policy circles and new policy approaches proliferate within international donor agencies. The introduction of the PRSP approach is
arguably the most visible effect of renewed concerns with the negative social outcomes of structural adjustment programs, and PRSPs are the most apparent attempt to give neoliberal reforms a more inclusive face (Craig and Porter, 2005). As part of this new (post-Washington) policy consensus, individual behavioural choices by the poor, especially the unwillingness to make adequate human capital investments, have been identified as the main obstacle to poverty reduction by the World Bank. This has caused the international donor community to focus its attention on the various ways in which the private behaviour of the poor can be better governed and regulated.

Hence, with the emergence of the PRSP development approach, the World Bank’s policy interventions have become ever more intrusive and comprehensive. Contrary to claims about national ownership, the PRSP approach has significantly extended the scope and depth of World Bank interventions into the internal affairs of the developing world. Debt relief linked to PRSP implementation has been made conditional upon the observation of ‘triggers’ and a series of (neoliberal) policy reforms leading to the further commodification of social services in Latin America, with noticeable increases in macro-level conditionality. In CCT schemes, the Bank has started to identify the poor themselves as targets for new forms of micro-conditionality and behavioural interventions in an effort to modify unwanted social behaviours. The rapid rise of CCTs inside the Bank is linked to their perceived rich results and extraordinary success. In its most comprehensive evaluation of CCTs to date, the Bank notes that “the report shows that there is good evidence that CCTs have improved the lives of poor people. Transfers generally have been well targeted to poor households, have raised consumption levels, and have reduced poverty (World Bank, 2009b: 2).”

However, in the case of Nicaragua and Honduras, poverty reduction strategies and the (fragmented and limited) CCT programs currently in operation have thus far failed to significantly reduce poverty levels and empower the poor. Despite minor improvements in some social indicators, the overall situation of the poor has not changed profoundly since the introduction of the PRSP approach almost a decade ago. While PRSPs have certainly managed to shift the focus of public debate in Latin America and have led to stronger commitments by
governments all over Latin America to tackle the intolerably high levels of poverty, the contradictory nature of the inclusive-neoliberal compromise representative of the PRSP approach, with the promotion of further commodification and concomitant subsidization through CCTs, makes it unlikely that PRSPs will contribute to the hoped for gains in poverty reduction.

This article has approached recent policy changes associated with the introduction of the PRSP approach and the crystallization of a more inclusively oriented social policy regime from a neo-Gramscian perspective, and argued that the PRSP initiative is a distinctive and comprehensive approach to development that attempts to further entrench neoliberal principles through the introduction of novel disciplining mechanisms and tools. At the macro-structural level, debt relief and country ownership have functioned to further promote the commodification of large sectors of the economy, while micro-behavioural interventions promise to create responsible citizens that make the ‘right’ investment choices. Participation has been appropriated by the World Bank only to be turned into a managerial tool to facilitate domestic support for IFI programs through engaging critical civil society voices, without, however, listening to what they have to say. Hence, if disciplinary neoliberalism can be understood in terms of the extension of commodification process into wider areas of social life, with the ultimate goal of producing a global market civilization (Gill, 2000), PRSPs have facilitated this process in two ways: first, by further removing democratic and deliberative decision-making processes through enshrining neoliberal conditionalities in comprehensive national development plans and linking debt relief to the implementation of such plans. And second, by arming the global technocracy with a new arsenal of micro-political weapons to better govern and reconfigure the subjectivities of the poor themselves. Hence, the structural aspects of Gill’s discussion of disciplinary neoliberalism have to be complemented by a theoretical account that acknowledges the agential elements of disciplinary neoliberalism, and focuses on the ways in which recent social policy aims at embedding neoliberal principles through the reconfiguration of the poor’s identities and subjectivities.

Finally, the findings of this article also provide support for Molyneux’s recent call for a historically grounded approach to
neoliberalism that captures the different ‘moments’ in its policy evolution and its periodized nature (Molyneaux, 2008). The neoliberal policies promoted today, while arguably having the same end goal as previous policy generations (see Cammack in this volume), are far more attentive to the contradictory nature of neoliberal reform processes and responsive to the institutional prerequisites needed for such reforms to succeed. The predominant totalizing conceptions of neoliberalism, as imposing an inexorable market logic with predetermined social and political outcomes, obscure the struggle-driven, adaptive and transformative nature of neoliberal development policy, and neglect the impact of counter-hegemonic actors in the reshaping of neoliberal policies. However, it is ultimately those agents on the ground opposing neoliberal solutions to the development problème that will determine the fate of neoliberal development policy.

Endnotes
1. Postdoctoral Fellow, School of Political Studies and Centre for International Policy Studies (CIPS), University of Ottawa, Email: arner@gmx.net. The author would like to gratefully acknowledge the financial support from the Social Sciences and Humanities Research Council (SSHRC) postdoctoral fellowship program.

2. While Bolivia was one of the first Latin American countries to finish a PRSP and be granted HIPC debt relief, the PRSP process was derailed in 2004, and Bolivia has since completely abandoned the process. Hence, the paper will mostly focus on Nicaragua’s and Honduras’ experience with the PRSP process.

3. This argument builds on an earlier article of mine in which I suggested that there is significant discontinuity in the policy stance of the World Bank with the transition from the SAP to the PRSP approach (see Ruckert, 2006). Nevertheless, I also argued that this new approach aims at restoring the hegemony of (a slightly modified and more inclusively oriented) neoliberal policy regime. Hence, the main disagreement between Cammack and myself is not over the end goal of policy reform, which undoubtedly remains the deepening and consolidation of neoliberal reform processes, but rather over whether or not the means towards achieving this goal have changed. The empirical evidence presented in this article suggests (to me) that the IFIs have indeed become more concerned about the social impacts of neoliberal reforms, and have therefore somewhat adjusted their social policy advice to promote highly targeted social policy interventions through CCTs. It should be noted that Cammack’s contribution to this special issue engages this earlier article of mine.
4. Due to the complete derailment of the PRSP process in 2004, Bolivia never fully implemented a conditional cash transfer program as part of its PRSP implementation process, and hence will not be discussed in this section.

5. Interestingly, despite the outbreak of a financial crisis of arguably unprecedented proportions in the core of the world economy, the IFIs continue to hold on to the view that financial liberalization is in the long-term interest of developing countries and linked to rapid economic growth, with the caveat that deregulation needs to be properly executed so as to guarantee transparency and informational flows (see e.g. World Bank, 2009b).

6. After qualifying for the HIPC initiative, all countries first reach what is called decision point, at which time trigger conditions for being granted debt relief are established. After three years of compliance with World Bank and IMF programs, observance of all trigger conditions, and the implementation of a Poverty Reduction Strategy Paper (PRSP), countries reach the decision point. This is the point when all HIPC debt is irrevocably cancelled.

7. The assessment of the social impacts of PRSPs will be limited to the first generation of Poverty Reduction Strategies (2001-2005), as new left wing governments in both Nicaragua and Bolivia introduced various new social programs in 2006, independently of the PRSP process, which would distort the evaluation of the impacts of PRSPs from 2006 onwards. At the same time, current data on social indicators and overall poverty levels are not available in all three cases.

Bibliography
(last accessed 15.11.2009).


